

**Meeting Date:** 3/26/2013

**Report Type:** Consent

**Report ID:** 2013-00252



**Title: Supplemental Agreement: Department of Utilities Organizational Assessment**

**Location:** Citywide

**Issue:** A supplemental Contract to 2013-0783 is needed to continue the completion and implementation of the Utilities department's Strategic Plan.

**Recommendation:** Pass a Motion authorizing the City Manager or the City Manager's designee to sign a supplemental agreement to City Agreement No. 2012-0783 with CH2M Hill Engineers, Inc., to provide additional services to assist the Department in completing implementation of the Strategic Plan and revised organizational structure, increasing the agreement amount from \$90,000 to an amount not to exceed \$160,000.

**Contact:** Dave Brent, Director, (916) 808-1400, Department of Utilities

**Presenter:** None

**Department:** Department Of Utilities

**Division:** Department Administration

**Dept ID:** 14001011

**Attachments:**

1-Description/Analysis

2-Background

3-Supplemental Agreement No. 2

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**City Attorney Review**

Approved as to Form

Joe Robinson

3/18/2013 6:11:01 PM

**City Treasurer Review**

Reviewed for Impact on Cash and Debt

Russell Fehr

3/6/2013 4:04:59 PM

**Approvals/Acknowledgements**

Department Director or Designee: Dave Brent - 3/15/2013 10:53:30 AM



## Description/Analysis

**Issue:** The Department of Utilities has completed an organizational assessment and is in the process of developing and implementing a Strategic Plan and reorganization, and updating its levels of service and key performance indicators. CH2M Hill has been providing consulting services and assisting the Department in this process. The proposed supplemental agreement will provide funding for additional services necessary to assist the Department in completing implementation of the Strategic Plan and revised organizational structure, increasing the agreement amount from \$90,000 to an amount not to exceed \$160,000.

**Policy Considerations:** To maximize efficiencies and meet the challenges of a modern-day water utility, the Strategic Plan will modernize the Department's Mission, Vision, Values, and Goals.

**Economic Impacts:** None.

**Environmental Considerations:** Under the California Environmental Quality Act (CEQA) Guidelines, continuing administrative activities of this nature do not constitute a project and are therefore exempt from review under CEQA (CEQA Guidelines §15378(b)(2)).

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Implementation of the Strategic Plan and reorganization will help support the Department's Mission, Vision, Values, and Goals. CH2M Hill brings professional experience and technical capabilities to assist the Department in efficiently developing, communicating, and implementing the Strategic Plan and reorganization.

**Financial Considerations:** The proposed amendment to the existing agreement will provide additional funding of \$70,000 to be paid from the Department's Administration's operational budget (14001011, fund 6005). There are sufficient funds available for this supplemental agreement.

**Emerging Small Business Development (ESBD):** CH2M Hill is not an emerging small business.



## Background

In summer of 2012, the Department of Utilities (DOU) initiated an organizational assessment process for the purposes of developing a strategic plan and to determine if the organizational structure, largely unchanged for 20 years, was aligned to maximize efficiencies and meet the challenges of a modern day water utility. This process included a review of the Department's culture, a comprehensive assessment of the existing workloads, programs and projects, and a full assessment of priorities, opportunities, and gaps. CH2M Hill was selected through a request for qualifications process to assist the DOU with this process.

In September 2012, the DOU executed a professional services agreement with CH2M Hill for \$50,000 (Contract #2012-0783). In January 2013, Supplemental Agreement No. 1 for an additional \$40,000 was executed to provide additional services for completion and implementation of the Strategic Plan.

The DOU, with CH2M Hill providing technical assistance and expertise, has developed a Draft Strategic Plan based on the Effective Utilities Management Primer developed jointly by the Association of Metropolitan Water Agencies, the American Public Works Association, the American Water Works Association, the National Association of Clean Water Agencies, the United States Environmental Protection Agency, and the Water Environment Federation.

The scope of this supplemental agreement includes development and implementation of a communications plan to assure the successful rollout of the Plan and the revised organizational structure; assistance developing annual business plan and key performance indicators; and providing ongoing advice to the Department management team post-implementation. The budget for these proposed additional services is \$70,000.

This supplemental agreement increases the total professional services agreement to an amount not to exceed \$160,000.



# SUPPLEMENTAL AGREEMENT

**Project Title and Job Number: 460781 – Organizational Assessment**  
**Purchase Order #: 0000019137**

**Date: 3/5/13**  
**Supplemental Agreement No.: 2**

The City of Sacramento ("City") and CH2MHILL Engineers, Inc. ("Contractor"), as parties to that certain Professional Services Agreement designated as Agreement Number C2012-0783, including any and all prior supplemental agreements modifying the agreement (the agreement and supplemental agreements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. The Scope of Services specified in Exhibit A of the Agreement is amended to add the following Additional Services:

**As directed by City in writing, either through e-mail or letter, Contractor shall develop and implement a communications plan to assure the successful rollout of the Department of Utilities Strategic Plan, shall provide assistance to the Department in developing an annual plan and key performance indicators, and shall provide ongoing advice and assistance to the Department management team. Payment for these Additional Services shall be made on a time and materials basis, at the rates specified in Exhibit B of the Agreement.**

2. In consideration of the additional and/or revised services described in section 1, above, the maximum not-to-exceed amount that is specified in Exhibit B of the Agreement for payment of Contractor's fees and expenses, is **increased/decreased** by \$70,000, and the Agreement's maximum not-to-exceed amount is amended as follows:

Agreement's original not-to-exceed amount:	<u>\$50,000</u>
Net change by previous supplemental agreements:	<u>\$40,000</u>
Not-to-exceed amount prior to this supplemental agreement:	<u>\$90,000</u>
<b>Increase/decrease</b> by this supplemental agreement:	<u>\$70,000</u>
New not-to exceed amount including all supplemental agreements:	<u>\$160,000</u>

3. Contractor agrees that the amount of increase or decrease in the not-to-exceed amount specified in section 2, above, shall constitute full compensation for the additional and/or revised services specified in section 1, above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional and/or revised services, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Contractor.

4. Contractor warrants and represents that the person or persons executing this supplemental agreement on behalf of Contractor has or have been duly authorized by Contractor to sign this supplemental agreement and bind Contractor to the terms hereof.

5. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this supplemental agreement.

**Approval Recommended By:**

**Approved As To Form By:**

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Project Manager

\_\_\_\_\_  
City Attorney

**Approved By:**

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Gregory W. Eldridge, VP & Area Manager, CH2M Hill

**Attested To By:**

**Approved By:**

# SUPPLEMENTAL AGREEMENT

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City of Sacramento

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City Clerk